

time for us to do what we were sent here to do, and that is balance the budget. In June we passed a historic piece of budget legislation, House Concurrent Resolution 67.

This budget resolution starts us on a glidepath to a balanced budget by the year 2002. If we reach that goal, it will be for the first time since 1969. But there is a problem. This glidepath is a resolution and it is not a binding law signed by the President. That means in effect, it is only a suggestion to future sessions of Congress.

In 1985, Congress passed Gramm-Rudman-Hollings, tying discretionary spending to deficit reduction. Unfortunately, the good intentions of that bill did not do much to reduce the deficit.

In 1990 we had another confrontation. In fact, in the 1990 confrontation with President George Bush, we increased the debt ceiling six times in about a 2-month period to encourage the administration to sign on to that particular agreement. That agreement did place caps on discretionary spending. Those caps are set to expire in 1998, and those caps are too high to allow us to achieve a balanced budget by the year 2002.

If we are serious about balancing the budget, let us put into law the spending caps of this year's budget resolution. That is what H.R. 2295 does. H.R. 2295 is my bill and we call it the Discretionary Spending Reduction and Control Act of 1995. H.R. 2295 amends the Congressional Budget Act of 1974, it amends the Gramm-Rudman-Hollings amendments by updating and extending discretionary spending caps and the pay-go requirements laid out in this year's budget resolution. It establishes into law this year's budget resolution targets for spending. These caps required by law will help ensure that we will stay on target toward a balanced budget by the year 2002.

Mr. Speaker, is Congress going to have the willingness to continue to cut spending? Let me give you a verbal description of the glidepath to a balanced budget. We are asking for a reduction in spending, somewhat slight, not very much reduction, in the first year and second year. The big cuts in spending and those requirements and pressures on Congress will be in the outyears of the fifth, sixth, and seventh year. I mean with the complaints and the criticisms and the agony that we have seen this Chamber exhort with the slight budget cuts this year, it is going to be absolutely tough in those out-years.

We have to have legislation that keeps us on that glidepath. I ask my colleagues to support H.R. 2295 that will put into law this year's budget resolution.

The SPEAKER pro tempore. Under a previous order of the House, the gentleman from Maryland [Mrs. MORELLA] is recognized for 5 minutes.

[Mrs. MORELLA addressed the House. Her remarks will appear hereafter in the Extensions of Remarks.]

#### ON ACHIEVING A BALANCED BUDGET

The SPEAKER pro tempore. Under a previous order of the House, the gentleman from Pennsylvania [Mr. GOODLING] is recognized for 5 minutes.

Mr. GOODLING. Mr. Speaker, I rise today with some sense of sadness, and probably quite a bit of outrage. The administration, in its zeal to protect the President's direct student loan program and hide their failure to really do anything about balancing the budget, has been using scare tactics to frighten and mislead the American people in order to, I suppose, to strap them from the need to balance the budget.

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To do this, the administration has pulled out all stops. It has used Presidential public relation mechanisms at the taxpayers' expense to spread misinformation about our plans to balance the budget in 7 years.

Even the President has gone on the road with many of these misinterpretations of what it is we plan to do to balance the budget. So in an effort to set the record straight, I have sent a letter to the President asking that he publicly apologize to the America people for his scare tactics, and urging that he use all the methods at his disposal to set the records straight and level with the America people about what we are and are not going to do.

Mr. Speaker, I want to set the record straight at this time. Republicans are preserving, I repeat, preserving the in-school interest subsidy for undergraduate and graduate students, even though its elimination was recommended by the President's Budget Director, Alice Rivlin, in her suggestions as to how to balance the budget. We plan to only touch the interest subsidy for the 6 month grace period following graduation, and during that time no payments are made. The grace period will remain intact. The borrower will repay the interest accrued during that 6 month period, which will add about \$4 a month to an average monthly student loan.

Republicans, on the other hand, are asking the private lenders to carry much of the burden for reforms in the loan program in order to achieve a balanced budget in 7 years. In fact, reforms to the student loan industry will save the taxpayers nearly \$5 billion. We will eliminate the President's direct student loan program in order to save the American taxpayers more than \$1.5 billion over 7 years, according to the Congressional Budget Office, which was the group that the President in his speech here on the floor told us we should be paying attention to.

We will not increase, I repeat, not increase, the origination loan fee paid by students, nor will we increase the interest rates on loans for students. We do not take away the interest rate reductions students are to receive for new loans effective July, 1988. We keep the President's budget proposal on Per-

kins loans, a revolving fund that perpetuates itself, adding no new funds, and therefore encouraging lower default rates by tougher collection efforts. Pell grant awards will be the largest in history in 1996 under our plan. The Supplemental Education Opportunity Grant Program, the work study program, will be funded at last year's level; no cuts.

We all know that the direct lending is a sacred cow to the administration. However, we cannot cling to a gold-plated direct student loan program and put welfare for the benefit of bureaucrats ahead of the needs of students.

One of the most outrageous statements I heard was that if we do not go the direct lending route, the Government will have to pick up 100 percent of the risk. Who in the world picks up 100 percent of the risk when you do direct lending? We not only pick up 100 percent of the risk, but we also have to borrow the money up front. We do not guarantee the loan, we borrow the money up front. We pay interest on the money we borrow so we increase what it is the American taxpayer has to do to carry that load.

We keep the President's budget proposal, as I said, on Perkins loans. Now, what is the administration so afraid of that it would resort to these scare tactics? Well, again, I want to review one more time what we do, so that the students out there and the parents are not misled.

If the Congress fails to act now, by the year 2002 the national debt will exceed \$6.5 trillion. That is a fact.

Another fact: Unless growth rates and mandatory spending are slowed, all Federal revenues will be consumed by a handful of programs.

Fact: Under the Republican budget resolution, the Federal budget will be running a surplus of \$6.4 billion in the year 2002.

Fact: According to the President's 1995 budget, unless we gain control of spending, the lifetime tax rate for children born after 1993 will exceed 82 percent. The most important thing we can do for the children of today is to balance the budget. If we do that, we can reduce interest rates by 2 percent. That affects everyone. That affects those who have student loans; that affects those who have a mortgage; that affects those who are buying an automobile on time.

Fact: While balancing the budget, the maximum Pell grant award will increase from \$2,340 in 1995 to \$2,444 in 1996. Even while balancing the budget, annual student loan volume will increase from \$24.5 billion in 1995 to \$36 billion in the year 2002, a 47-percent increase.

Fact: Even while balancing the budget, the average student loan amount increases from \$3,646 in 1995 to \$4,300 in the year 2000.

Fact: In order to balance the budget, Congress does not eliminate the in-school interest subsidy for college students.